BUFFALO REGION RESERVATION FULL PRICE STRATEGY TEST

OBJECTIVE

- Measure share and financial impact for three different Full Price Strategies.
- Determine if RS Full Price spending can be reduced with minimal to no impact on Full Price Share, specifically Camel and Winston.

TEST GEOGRAPHY/PERIODS

- 3 Reservations each testing a different Full Price Strategy.
  Period 1 Period 2
- Aug. 96 → Oct. 96 vs. Feb. 97 → April 97. Pre vs. Past Analysis. AIM data will be used for share analysis.
- Five stores on each Reservation to be used as sample group.

PRE PERIOD STRATEGIES

- "Normal" Full Price Strategy executed at all Reservations.
- Approximately 70% - 80% P.V. for Winston and Camel at $2.00 discount amount.

PAST PERIOD STRATEGIES

- See Reservation Plans for details (Page 3)

TEST MEASUREMENTS

Financial

1. Measure pre period vs. past period spending on Camel and Winston for individual sample stores.
2. Measure pre period vs. past period spending on Camel and Winston for each reservation as a grouped sample.

Rationale

Spending will be reduced as a function of new strategies on two of the three Reservations. This is a given. We want to measure the pre vs. past difference.

Share

1. Measure pre period vs. past period SOM by individual stores for full pre vs. past periods.
2. Measure pre period vs. past period SOM for each Reservation as a grouped sample.
3. Measure monthly past period SOM by individual store. This will help identify/explain monthly share shifts effecting total past period results.

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Source: https://www.industrydocuments.ucsf.edu/docs/ysbn0000

The following share measures will be used:

Industry	*RJR*
Full Price SOM	Full Price SOM
Savings SOM	Savings SOM
	Camel (x-reg) SOM
	Winston SOM
	TOTAL SOM

Rationale

Share change difference, pre vs. past period, needs to be determined to gauge effect of the three different Reservation Price Strategies. Again, our main focus is to determine the share effect on Winston and Camel.

Volume

I do not see significant value in measuring total store volume, pre or past, for a number of reasons.

- Reservation business is relatively stable with few customers switching to buy at another Reservation.
- Reduction of P.V. on our part for Winston and Camel will not drive consumers to other outlets/segments.
- RJR programs will be equal across individual Reservation test areas which should result in minimal to no outlet switching between Reservations.
- Bottom line, the test strategies should not significantly impact individual store volume. Focus is on measuring share impact, not total store volume impact.

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Source: https://www.industrydocuments.ucsf.edu/docs/ysbn0000

Buffalo Reservation Full Price Defense Strategy

Effective February 1, 1997 → May 2, 1997

Geography:

Lewiston Reservation (9 retail locations)

Full Price Strategy:

Execute current Price GAP Strategy.

Geography:

Akron Reservation (5 retail locations) & Cattaraugus Reservation (23 retail locations)

Full Price Strategy:

- Promote 50% Camel and Winston monthly business **during times of normal competitive activity** at a 1.50 value.
- **During times of PM Flex program execution**, match Marlboro value with Camel and Winston tactic for tactic.
- Execute current menthol defense strategy for Salem and Camel Menthol vs. Kool, Newport and Marlboro Menthol tactic for tactic.

Execution:

- Sales Rep to develop promotion plan to execute 50% monthly P.V. levels for Winston and Camel. Work closely with Retail Rep to ensure crisp execution of the plan.

Geography:

- **Salamanca Reservation (25 retail locations)**

Full Price Strategy:

- Promote Camel and Winston **during times of normal competitive activity** at a 1.00 value. Maintain current P.V. levels.
- **During times of PM Flex program execution**, match Marlboro value with Camel and Winston tactic for tactic.
- Execute current menthol defense strategy for Salem and Camel Menthol vs. Kool, Newport and Marlboro Menthol tactic for tactic.

As always, there is a tremendous opportunity to build display presence in these high volume locations. **Strive to set high impact displays during the promotion period.**

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Source: https://www.industrydocuments.ucsf.edu/docs/ysbn0000